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HUMANIZING THE MANAGEMENT OF INDUSTRY

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I THINK we are all agreed that the relation of capital to labor, although it may permit of economic interpretation, is, to a large extent, a human question, and involves primarily human relations. There is no more important and interesting problem to be solved in the coming years than the daily relation of the management to its employees. As an absentee landlord I shall attempt to point out one obstacle that is to be overcome in humanizing and stabilizing this relation.

It is trite to remark that the day of the small business run by an all-around business man has passed, as far as a large number of fields are concerned, but some of the important consequences of so-called "big business" have escaped general attention. One important effect of large-scale production is that plants in industry where such production exists are no longer managed and operated by laymen of broad business training and experience but instead they are operated by technically equipped managers—men that have a specialized professional training.

It is with these men that the handling of the labor problem in such industries finally rests. They are in the "key positions." As a consequence, there has been a good deal of talk of absentee landlordism, a good deal of criticism of the fact that the real owners of the property—the stockholders—whether they be a few holders of large blocks of stocks or a large number of small holders, are apt to be out of touch with the details of plant management and the charge has been raised that the directors are solely interested in finance. Analogies have been drawn to the conditions that prevailed in subject provinces of ancient empires—the word "feudal" has been used to describe conditions. I am rather inclined to think, however, that these analogies have carried us somewhat astray and that our attention has been diverted from

the root of the problem by this tendency to treat these questions in too melodramatic a fashion. To use a rather hackneyed phrase of Grover Cleveland's "It is a condition which confronts us, not a theory." The condition is, in the opinion of many of us, rather a natural outgrowth, a corollary of modern industrial specialization. The directors are in charge of finance because this is their specialty, and they do not interfere in labor problems any more than they interfere in technical problems. It is not because of any lack of human sympathy or understanding on their part but rather because adherence to such specialization seems best for effective administration. Even if they have the inclination, training, sympathy and time to study the labor problems, the owners and directors will in most cases feel it is wise not to interfere with the work of the manager in charge, because the local labor problems are so interwoven with the daily routine of other operating problems that they have not the intimate knowledge of the nuances of situations that justifies them in interfering. They have to rely on their managers for the facts of any situation, and so while they can exercise much influence, and a good influence, in guiding general policies, it rests with the managers to apply these policies. There are many exceptions where an active conscience will impel, and conditions will permit, a director or owner to interfere, but it is dangerous to rely on exceptions. And so after all the manager is the pivotal individual upon whom the modernization of the day-to-day relations between capital and labor depends. No matter how sympathetic to a liberal labor policy the amateur on top may be, it is impossible for him to carry it out unless the technically equipped manager himself has the same point of view and understanding of the problem. A solution has been sought in the introduction of the new profession of employment manager, but though this is an admirable development—a very big step in the right direction—it is not in itself a solution of the problem. Unless the general manager in charge of the entire plant has the background to make him sympathetic to modernization in the methods of handling labor at his plant—unless he is sufficiently mature in his outlook to realize that the handling of labor is a specialty and will thus be sympathetic to the introduction of a particular depart-

ment for handling these problems—he will and can block any such attempt at a modern scientific approach. For the management of the plant is in his hands—he is the “boss” and the methods of the operation of the plant must ultimately be under his direction and limited by his understanding. Even after a distinct department under an employment manager has been set up, the larger policies will depend on his final decision.

This points to the need of introducing into the curriculum of every technical institution for those students who by any possibility may in later life have charge of men, thorough courses in sociology and in the modern technique and methods of handling labor. Such courses should be “required” and should be thoroughly understood to be an integral part of the training of the students. Technical schools have too often lacked the inclusion of such courses—even as “optional” courses. Many technical men in the rush to earn a living do not get any broad humanizing courses at academic schools. As a consequence they have not even a meagre sociological background, and nothing is done in their technical training to make up for this lack, with the result that though they may be turned out thoroughly competent as far as their technical qualifications are concerned, they are left naive in their approach to the human problems involved in their future profession. When put in charge of plants such men resist the introduction of modern methods in handling labor and even though they finally consent to an employment manager being put in charge, they do not give him the proper support or encouragement and are inclined to be obstructive. In any event, even if they are willing, it is difficult for them to co-operate intelligently. The following excerpts from the report of the President's mediation commission are significant. I quote:

The resident management . . . is wholly traditional in its effect, however sincere in its purpose. The managers fail to understand and reach the mind and heart of labor because they have not the aptitude or the training or the time for wise dealing with the problems of industrial relationship. The managers are technical men, . . . engineers of knowledge and skill . . . it has hardly begun to be realized that labor questions call for the same systematic attention and understanding and skill as do engineering problems.

Many of us hope that it will not be long before those re-

sponsible for planning the curricula of technical schools will take cognizance of the situation. We believe it deserves their most serious attention. May I also suggest that it is of the greatest importance that where such courses in industrial training are introduced, they be not treated by either faculty or students as fads but as very practical and essential parts of the students' preparation. Those of us who are employers can give positive assurance that such an addition to the equipment of graduates will have definite value to them in dollars and cents. But what is of more importance is that the attention of the faculty of our technical schools to this matter would mean much in the modernization of the handling of our labor problem.

Above all let it be kept in mind that this subject is not a technical problem but a human one. Not only the mind but also the heart of the prospective manager should be trained and he should be imbued with a thoroughly human and liberal attitude. Only thus will he be able to understand and reach the heart as well as the mind of labor.

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